The Hon. Lori Trahan
Testimony before the Ways and Means Committee
June 4, 2019

Chairman Neal, Ranking Member Brady, members of the Committee, thank you for allowing me to testify today.

I am here to speak about two bills that will help address the present student debt crisis. There is no issue that I've heard about from more constituents than college affordability.

I was born and raised in a working-class family in Lowell. I attended public schools through high school; and I was the first in my family to graduate from college.

I was able to attend college thanks, in part, to a volleyball scholarship. Otherwise, it simply would not have been affordable.

Over the last quarter center, we've seen sticker prices continue to rise – pricing out more and more families.

Real median household income is finally back to where it was 20 years ago. Meanwhile, the cost of tuition and related expenses has exploded – rising over 60 percent over that period.

Today, more than 44 million Americans are carrying $1.5 trillion in student loan debt.

To put that in perspective: the U.S. budget deficit is 60 percent of that number. New England's annual GDP is two-thirds of it.

If Apple were sold tomorrow and all the proceeds were used to pay off this debt, students would still owe $500 billion.

According to a recent report by The Institute for College Access and Success, more than 200 colleges reported granting bachelor's degrees that carried an average debt of more than $35,000.

It's punishing for anyone – but especially a young person – to see no end in sight to their debt woes. And with rates of depression and anxiety so high among young people – which has its own consequences in terms of productivity in the workplace – we need to treat it seriously.

Moreover, this crisis is not restricted to young people. According to a report in the *Wall Street Journal*, those over the age of 60 owe $86 billion in student loan debt. In many cases, this debt is tied to "Parent Plus" loans in which a student's parent took on debt to help pay for their child's education. In some cases, Social Security checks are being garnished.

How are young people and their parents ever supposed to get out from under this mountain of debt, let alone thrive, unless we assist them?

The American people are demanding a response from Congress; and, so, I respectfully ask that this Committee use its authority to offer them relief.

Two bills within this committee's jurisdiction would help remedy this challenge. Neither is a complete fix, but each would be a step in the right direction.

The *Employer Participation in Repayment Act* is bipartisan legislation that would allow employers to provide up to $5,250 tax free for student loan repayments.

Under current law, Section 127 of the tax code, employers may provide tax-exempt tuition assistance to employees.

The pending legislation, H.R. 1043, would expand Section 127 to include student loan payments as well.

The bill is supported by a wide range of interests – from the American Federation of Teachers to Verizon.

This is a benefit that employers and employees around the nation are anxious to put to use. Indeed, New Balance, which is based in our home state, has said it will offer this benefit if Congress enacts it.

I hope the Committee will give full consideration to the *Employer Participation in Repayment Act.*

Next, I urge the Committee to approve the *Retirement Parity for Student Loans Act*. This bill resolves the Catch-22 that young people can find themselves in – the choice between paying down student loans and saving for retirement.

The fact is, both are important; however, in many instances, a young person may not have a penny to spare when every cent is already committed to living expenses and paying down student loans.

The *Retirement Parity for Student Loans Act* would address both needs at once. It would permit an employee's student loan payments to essentially count as match toward an employer's contributions to the employee's retirement plan.

The bill does not change an employer's current ability to match an employee's contributions to a 401(k). The employer would still be allowed to offer that match.

However, under this bill, the employer could also provide a retirement contribution to a 401(k) in an amount equal to the employee's payment toward student loans.

In other words, the employee would be able to pay down debt and save for retirement at once.

This is a good balance of priorities, and I hope the Committee will make it a priority.

Again, I appreciate the Committee holding this hearing, and I encourage you to give full consideration to these bills.

I stand ready to work with you on these and other practical solutions to tackle the student debt crisis.

Thank you again for allowing me to testify today.